

FISCAL NOTE

HB 3170 - SB 3132

March 16, 2006

SUMMARY OF BILL: Requires the State Insurance Committee (SIC) to establish contribution levels towards the cost of supplemental insurance for retired teachers based on years of service. Contributions are currently made, but are made “within the appropriations available”.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The fiscal impact of this bill is dependent upon whether or not future appropriations would be made for supplemental insurance contributions for retired teachers without this legislation. To the extent appropriations are made each year, there would be no fiscal impact to this bill. However, for any year appropriations would not be made, enactment of this legislation would obligate the state to pay the contributions, thus increasing state expenditures by an amount estimated to be \$4,620,000.


Assumptions:

- Currently, contributions made on the behalf of retired teachers are contingent upon “the appropriations available.” This proposed legislation would require appropriations being made each year.
- According to the Division of Insurance, Department of Finance and Administration, the present level of contributions are \$40 per month for 30 or more years of service, \$30 per month for 20 to 29 years of service, and \$20 per month for 15 to 19 years of service.
- The current contribution levels would meet the criteria of this bill.
- There are approximately 11,000 retired teachers with at least 15 years of service at any given time.
- 10% of retired teachers have between 15 and 19 years of service.
- The cost for retired teachers having between 15 and 19 years of service is estimated to be \$264,000 (11,000 X 10% X \$20 X 12 months = \$264,000).
- 30% of retired teachers have between 20 and 29 years of service.

- The cost for retired teachers having between 20 and 29 years of service is estimated to be \$1,188,000 ($11,000 \times 30\% \times \$30 \times 12 \text{ months} = \$1,188,000$).
- 60% of retired teachers have 30 or more years of service.
- The cost for retired teachers having 30 or more years of service is estimated to be \$3,168,000 ($11,000 \times 60\% \times \$40 \times 12 \text{ months} = \$3,168,000$).
- Annual contributions for retired teachers with at least 15 years of service would be approximately \$4,620,000 if such funds are appropriated.
- This act will take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director